

EXHIBIT 3

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Petition of the Verizon Telephone Companies)	WC Docket No. 08-49
for Forbearance Pursuant to)	
47 U.S.C. § 160(c) in Cox's Service Territory in)	
Virginia Beach Metropolitan Statistical Area)	

DECLARATION OF SEAN WAINWRIGHT

1. My name is Sean Wainwright. I am Vice President for Consumer Sales and Marketing for Cavalier Telephone Corporation ("Cavalier"). My business address is 2134 W. Laburnum Ave., Richmond, VA 23227. I joined Cavalier in April of 2007, and am responsible for marketing and product development for all residential services at Cavalier, including circuit-switched voice, DSL, Internet Protocol Television (IPTV), and other data services. I have more than 15 years of experience in sales and marketing strategy, positioning and execution. I have factual knowledge relating to the information described in this Declaration.

2. Cavalier's business model is based on access to DS0 loops and—where necessary—local transport, both as unbundled network elements ("UNEs") provided by Verizon. This model has been a successful basis for providing innovative and valuable services to consumers, as shown by Cavalier's recent roll-out of video programming services in Richmond and other markets. Cavalier has built or acquired network facilities in the mid-Atlantic and elsewhere that represent almost \$1 billion in investment over the past seven years. Because of Verizon's pending forbearance petition, I have had to examine whether Cavalier could continue to operate under this business model if forbearance were granted in Virginia Beach.

3. Cavalier continues to be an innovator in Virginia Beach and elsewhere and Verizon's Petition puts in jeopardy new services that serve the public interest. For example,

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Cavalier recently announced the launch a new service bundle: C2. This new bundle provides Unlimited Local and Long Distance Phone service with 12 Free Calling Features, coupled with un-throttled Hi-Speed Internet service enhanced with Google Apps for a non-promotional rate of \$50/month. The Google Apps product suite was named 2007 product of the year by PC World magazine. Millions of consumers and business customers around the world rely on the speed, ease of use, and innovative features of Google applications to organize their lives and stay in touch with friends and colleagues. Cavalier is the first company in the telecommunications industry to launch all of these services to their customers. All of Cavalier's new and current Hi-Speed Internet subscribers will now have access to popular communications tools such as Cavalier Gmail, Google Calendar for shared scheduling, Google Product Search for shopping, Google Picasa for photos, and the a Personalized Start Page. Additionally, Cavalier provides exclusive streaming content from ESPN 360, Disney, ABCNow, and more through the Cavalier Portal as part of the C2 bundle. Nearly 8.7 million people are eligible for Cavalier's Hi-Speed Internet service.

4. Cavalier serves nearly [Begin Highly Confidential] [End Highly Confidential] small business or enterprise customers throughout Virginia Beach. Cavalier services large, medium and small businesses, including hospitals, fire departments, and schools. The large majority of Cavalier's business customers are small and medium companies. Cavalier provides a comprehensive suite of voice and data products to Virginia Beach area business customers. Small businesses enjoy Cavalier's high speed Internet service which is delivered over Cavalier's network using ADSL 2+ technology. Cavalier also is a popular choice for Virginia Beach business customers that require the highest bandwidth. Cavalier provides 10mb Ethernet pipes, site to site private line and full internet T1s. Cavalier's small business packages offer a

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10-15% savings to consumers on average based upon comparable service offerings from Cox or Verizon.

5. Cavalier is one of the few remaining, if only, CLECs in the country that continues to serve residential customers. Cavalier offers its residential customers competitively priced voice and data services to meet their communication needs. Cavalier's residential services include basic dial tone, long distance, dial-up Internet access and DSL (ADSL2+, MVL2, GSHDSL). Cavalier has **[Begin Highly Confidential]** **[End Highly Confidential]** customers throughout the areas of Virginia Beach where Cox provides service. Notably, Cavalier is the only CLEC remaining in Virginia Beach to serve residential customers, including traditional customers of plain old telephone service or "POTS" and those without cell phones, high speed internet, or cable. Cavalier is the only competitive provider of landline communications for this market segment in Virginia Beach. Many of Cavalier's customers do not have access to alternative services. They do not have access because the services in question are bundled with expensive add-ons designed for higher income customers, because the services require additional and costly technologies such as broadband in order to function, and because they require credit cards, credit, or contracts and up-front payments or expenditures. Moreover, Cavalier provides the lowest price unlimited long distance phone service in Virginia Beach. Cavalier's prices for phone service, including voicemail and unlimited long distance, is on average about \$10 a month cheaper than either Verizon or Cox. For the typical Cavalier customer, the "pure mass market customer," landline remains the only viable alternative and it must be landline service provided by a company that will accept those with lower credit scores.

6. In addition, Cavalier is also the only triple-play telecommunications alternative to Cox and Verizon for residential service in Virginia Beach. Cavalier is an industry pioneer in a

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competitive TV service that uses MPEG 4 video compression to provide over 150 channels of television over Cavalier's existing DSL network—all delivered over traditional copper loops. Unlike Verizon's FiOS, Cavalier is able to serve older neighborhoods with copper facilities, so Cavalier provides service in the inner city, not just the suburban fringe.

7. Cavalier is aiding the Commission's goal of increasing the number of broadband subscribers by its ADSL 2+ broadband offering to customers who would not otherwise achieve such service. The Commission has frequently addressed the need to improve the deployment and use of broadband services to all Americans. Verizon's re-filed Petition seeks to derail Cavalier's deployment of affordable, high-speed, competitive broadband services in Virginia. Verizon's Petition would likely cause rate increases for broadband services to Virginia Beach residential and small business consumers.

8. Verizon's petition is based on the faulty assumption that residential competition is thriving in Virginia Beach. Over the last four years, the number of competitors offering residential landline service has diminished significantly. ATT and MCI, once the first and second largest competitors in Virginia, have been absorbed by SBC and Verizon and become ILECs. ATT does not compete with Verizon in Virginia; instead it cedes the residential consumer market to Verizon just as Verizon cedes residential consumer market to ATT in states such as Michigan and Texas. MCI has abandoned its "neighborhood" of local residential customers. Within Verizon's territory, the MCI "neighborhood" is now owned by Verizon, by virtue of its merger with MCI. No longer does MCI provide innovative voice packages as an alternative to the ILEC's traditional offerings; instead MCI has discontinued offering services independent from Verizon. As a result, throughout Verizon's Virginia Beach territory,

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consumers seeking local landline residential services are left with only Verizon, Cox and Cavalier.

9. Verizon distorts the number of carriers who are actually providing service to customers in the Cox service area of Virginia Beach.¹ Cavalier does not generally encounter anyone competing for enterprise customers other than Verizon and Cox in its business dealings. Cavalier recently undertook an internal audit to determine which carriers we were gaining/losing customers to, over the last three months. In the past year, Cavalier determined that of the residential or small business customers who chose to switch their service from another carrier to Cavalier in Virginia Beach, **[Begin Confidential]** **[End Confidential]** of those customers had their telephone numbers ported from either Verizon or Cox. The next largest number of port-outs came from AT&T, which constituted less than **[Begin Confidential]** **[End Confidential]** of the total number of customers switching to Cavalier overall. Other carriers showed similarly low penetration in Virginia Beach, based on my observation of where customers are coming to Cavalier from. At the same time, less than **[Begin Confidential]** **[End Confidential]** of former Cavalier customers chose to port their landline number to “cut-the-cord” wireless or use a VoIP provider. Verizon’s anecdotal evidence citing websites and marketing materials does not portray an accurate picture of who is really serving customers in Virginia Beach. Clearly, the market in Virginia Beach for consumers, either business or residential, is primarily limited to Cox, Verizon and Cavalier. Without Cavalier, Virginia Beach is left with a duopoly and higher prices, less choice and less innovation.

¹ Verizon claims that other than Verizon and Cox, many companies are providing voice and data services to enterprise, residential or small business customers. Verizon lists traditional telecommunications carriers like AT&T, Level 3, PAETEC, Sprint, Qwest; Fixed wireless providers like Telecom Transport Management, Inc., AccessNet, Atrius Technologies, NET Telcos; and, VoIP providers like Vonage, BroadVoice, ZingoTel, ITC, Lingo, bbtelsys, Packet8, etc. Verizon only cites websites and promotional materials as proof that such companies are actually providing service in Virginia Beach.

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10. As noted above, Cavalier has focused primarily on the mass-market (residential and small business) segment of the telecommunications and information services markets. This type of customer is extremely price-sensitive. In order for a new, lesser-known competitor like Cavalier to make inroads in this segment of the market, we must offer products that are comparable in features and quality to those offered by the incumbent provider, Verizon, at a significantly lower price.

11. The table attached as Exhibit A to my Declaration compares the price for basic residential telephone service packages currently being charged by Verizon, Cox, and Cavalier in Virginia Beach. As this table shows, Cavalier's current prices are significantly lower than comparable offerings from Verizon, Comcast, and Cox.

12. Cavalier has carefully evaluated strategic alternatives if the Commission were to grant the forbearance requested by Verizon in WC Docket No. 08-49. As stated in the Declaration of Jim Vermeulen, Cavalier has found that there are not likely to be any wholesale DS0 loop alternatives other than Verizon, and Verizon does not offer, and has no intention to offer, commercially reasonable wholesale DS0 loop access. That is not surprising, given that Cavalier is able to provide consumers with innovative voice, Internet, and video programming services over copper loops, at lower prices than Verizon.

13. Even if Cavalier is able to obtain continued access to Verizon loops after forbearance, it would likely incur significantly increased cost for those loops, which it would have to pass through to our customers in the form of higher prices. Although Verizon has not provided any information in their petitions which would indicate future prices under a commercial agreement, based upon information submitted to Cavalier under its "Wholesale Advantage Program," unbundled loop prices could rise up to \$8 to \$12 per month. As indicated

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in the attached table, even a modest increase in costs would dramatically impact, and perhaps eliminate, our pricing advantage vis-à-vis Verizon and Cox. In my opinion, our customers would not tolerate a large price increase and we would lose so many customers to our competitors that it would put the viability of our business plan in these markets into question.

14. Cavalier is aware that Verizon is seeking forbearance from regulatory obligations only in the Cox service area of the Virginia Beach MSA and has excluded the following counties from its request: Suffolk, Isle of Wight, Surry and Matthews County in Virginia and Currituck County, North Carolina. However, while this distinction is critical to Verizon's gaming of the forbearance test, it is meaningless from an economic standpoint. Should forbearance be granted in the geographic portions of the Virginia Beach MSA which Verizon is seeking, Cavalier would not have an economic justification to continue service in the excluded areas it already serves or expand service further into those five counties in the future. Should the Commission grant forbearance in the cherry-picked areas in Virginia Beach that Verizon is seeking, the effect on competitors will be to grant forbearance in the entire Virginia Beach MSA, regardless of how Verizon spins it. Customers in both the "included" and "excluded" areas will suffer as their competitive options will diminish post-forbearance. Given the geographic and economic realities of the business world, Cavalier must view these five counties as part and parcel of the Virginia Beach MSA for the purpose of weighing whether it is economically feasible to do business there. As evidence of this, the Commission needs to look no further than Omaha-where it is my understanding that McLeod will soon exit the entire MSA not just those areas where forbearance was granted.

15. Cavalier has concluded that if the Commission grants the requested forbearance relief, it will likely sell its assets, or otherwise cease or limit its operations, in Virginia Beach.

I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct.

Executed May 9, 2008.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Sean Wainwright

EXHIBIT A

Voice Bundle Comparison Chart

Unlimited Local/Long Distance with voice mail	Cavalier	Verizon	Cox
Total	\$34.95	\$46.99	\$44.90
\$ Monthly Savings with Cavalier		\$12.04	\$9.95
% Monthly Savings with Cavalier		25%	22%

High-Speed Internet and Voice Bundle Comparison Chart

Two Bundled Services	Cavalier	Verizon	Cox
Contract Required	No	Yes	Yes
Unlimited Local / LD	\$35.00	\$72.98	\$39.95
Internet Service	\$15.00	\$10.00	\$41.95
Download / Upload Speed	8 / 2 Mbps	5 / 2 Mbps	5 / 2 Mbps
Internet Modem	included	Included	\$13.32*
Self-Install Kit	included	Included	included
12 Calling Features	included	\$21.35	\$20.34
Total	\$50.00	\$104.33	\$115.56
\$ Monthly Savings with Cavalier		\$54.33	\$65.56
% Monthly Savings with Cavalier		52%	57%

* 3 months

High-Speed Internet, Voice, and Video Bundle Comparison Chart

Three Bundled Services	Cavalier	Verizon	Cox
Contract Required	No	Yes	Yes
Digital TV / Internet / Phone	\$95.95	\$104.99	\$103.45
Download / Upload Speed	8 / 2 Mbps	5 / 2 Mbps	5 / 2 Mbps
Set Top Box	included	\$5.99	\$5.50
Internet Modem	included	Included	\$13.32*
12 Calling Features	included	\$21.35	\$20.34
Total	\$95.95	\$132.33	\$142.61
\$ Monthly Savings with Cavalier		\$36.38	\$46.66
% Monthly Savings with Cavalier		27%	33%

* 3 months

Additional Notes:Actual number of affected customers: 29,976; **Verizon charges a \$29.99 activation fee and Cox charges \$71.40 (after discounts) for installation/activation for High-Speed Internet. Cavalier has no such additional fees.**